

**Chairman Tom Davis**  
**Opening Statement**  
**Government Reform Committee Hearing, "Looking a Gift Horse in the Mouth:**  
**A Post-Katrina Review of International Disaster Assistance"**  
**April 6, 2006**

After Hurricane Katrina, donations from other countries poured into the U.S. government. Offers of money, water, food, medical supplies and other commodities came from more than 130 nations and a dozen international organizations. In cash alone, the United States has received \$126 million to date.

On behalf of the Members of this Committee and the people we represent, I want to thank those nations who rushed in to offer assistance and aid to those Americans affected by Hurricane Katrina. The list of countries who offered help, as reported by the State Department and the Department of Defense, is enormous, and it reflects the goodwill of all peoples to come to the aid of those in need. The United States is eternally grateful for your generosity.

We are here today to find out if our government, in effect, looked this gift horse in the mouth. We will examine how prepared the federal government was to accept this unprecedented level of aid from foreign governments and whether the ad-hoc procedures for accepting aid put in place after Katrina have been adequate. It appears that policies and procedures were lacking, simply because no one in the federal government anticipated needing or receiving this assistance.

It does no good to be offered money, or water, or food, or potentially life-saving medical supplies if we don't have procedures in place to get those donations into the hands of the people who need them.

The Government Accountability Office is here to talk about some of the problems they uncovered. Among them:

- About \$66 million of the \$126 million donated has been allocated to the Federal Emergency Management Agency to assist with the long-term recovery of Gulf coast citizens. The remaining \$60 million is being held by the Department of State in a non-interest bearing account. Why is this money not earning interest? Are there not people or organizations in New Orleans, or southern Louisiana, or the Mississippi Gulf Coast who could use this money?
- Several thousand MREs, or meals-ready-to-eat, were donated for the hurricane relief, but were not used. Why?

- The federal government had difficulty accounting for in-kind assistance received. The ad-hoc procedures put in place after Katrina did not include policies to help ensure FEMA had oversight of donated commodities – such as food, water, and medical supplies – and to ensure that commodities were vetted through the State Department acceptance process. This resulted in incomplete knowledge of in-kind assistance received from foreign countries.
- It appears in-kind contributions were not always properly tracked to final destinations. In one case, this failure cost the U.S. government approximately \$80,000 in storage fees.

These are GAO's conclusions. I will note that the Federal Emergency Management Agency may have a different view, and we have FEMA here today as well to give its side of the story.

I chaired the House Bipartisan Select Committee that investigated the Katrina disaster. I traveled to New Orleans and the Gulf Coast twice to see the damage, and the recovery, first hand. The American people saw the destruction on their TV screens and in the pages of their newspapers for weeks. And I think they, like me, would want answers as to how this unprecedented amount of foreign assistance was used, or not used.

The National Response Plan does contain procedures for accepting offers of international assistance in response to a domestic Incident of National Significance. The plan's International Coordination Support Annex charges the State Department to coordinate and facilitate U.S. requests for aid as conveyed by the U.S. Department of Homeland Security or "other federal agencies." The State Department also acts as an intermediary for offers of assistance, expediting delivery of such assistance whenever possible. In addition, International Affairs offices within other government agencies are to act as "primary partners" with the State Department in such endeavors. Under this annex, the Department may also engage the Red Cross and the U.S. Agency for International Development.

Today, we have witnesses from across the government – Department of State, the Department of Defense, USAID, FEMA, the Department of Education and the Government Accountability Office – to explain what procedures were used to accept and distribute foreign disaster assistance received during the aftermath of Katrina.

We need to get to the bottom of how this coordination should work, and if the current policies in place for the acceptance and use of foreign disaster assistance are adequate.

Under what authority did the Department of State determine it could hold foreign cash donations that were meant for domestic disaster assistance for Hurricane Katrina? Why did it take so long to decide where to distribute money? When the decision was made to give money for levee repair, why did the Army Corps of Engineers turn down

the \$60 million? Why were they allowed to? How did the Department of Education become involved in the distribution of funds? And what led to the involvement of the National Security Council regarding the international cash donations?

Since the Department of Homeland Security is responsible for developing the National Response Plan, how does DHS or FEMA ensure the agencies involved in international assistance are prepared to manage international assistance? How does FEMA provide oversight for international assistance that is received in the United States for a domestic incident? And equally important, does Congress understand how priorities for distribution are reached, and are we helping to make sure that the people who need the foreign assistance are getting it?

On February 23, 2006, the White House released its report “The Federal Response to Hurricane Katrina: Lessons Learned.” The report recommended that the State and Homeland Security departments lead an interagency effort to develop procedures for reviewing, accepting, or rejecting any offers of international assistance for a domestic catastrophic incident, including a mechanism to receive, disburse, and audit any cash assistance. These procedures are due to the Homeland Security Council June 1. I look forward today to hearing what changes need to be made so that this country can take advantage of the generosity of other countries in times of tragedy.